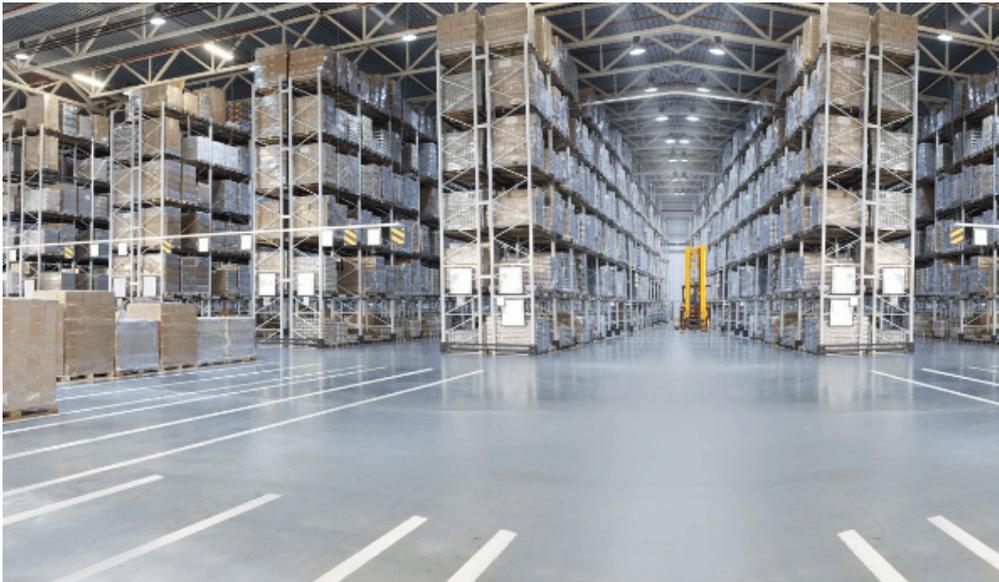# Rents continue to rise at an accelerated pace and average Vacancy Rate for European Logistics Drops below 2.5%

4 years ago

Global real estate advisor, CBRE, has produced research that shows the take-up of European logistics space reached 16.7m sqm in H1 2022, representing an increase of 8% compared to H1 2021, which saw take-up total 15.5m sqm.

The first half of the year has also seen the average vacancy rate across the top ten countries in Europe drop below 2.5% for the first time ever, showing the acute lack of available stock in the market, which also restrained total levels of take-up in Q2.

Average prime rents for the region increased 13% year-on-year in H1 2022, reaching double digit levels for the first time. This was primarily driven by the low vacancy rates and ongoing demand from occupiers. London and Prague saw the largest increases at 49% and 42% respectively, followed by Warsaw and Gothenburg which both saw an increase of 26%.

Net absorption levels remained in line with the same period last year at 11.6m sqm. However, new completions are struggling to keep pace despite rising 19% year-on-year in H1 2022 to 10.3m sqm.

"The further fall in the average vacancy rate in H1 2022 has driven rent increases in the majority of markets. It also partly explains slower take-up during the second quarter, as a number of requirements for space remained unmet due to the lack of availability."

Mark Cartlich, Senior Director, EMEA Industrial & Logistics, CBRE

"These unprecedented levels of European rental growth create an increasingly challenging environment for the occupier. However, the bullwhip effect, in which large fluctuations in inventory occur as a response to shifts in consumer demand and delayed arrivals of goods, is driving retailers to further grow their logistics footprint. By addressing this now, these occupiers are adapting for further structural change as well as preparing for future disruption."

Joerg Kreindl, Head of Occupier Industrial & Logistics, EMEA, CBRE